Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 06526 250433Z
ACTION EA-12

INFO OCT-01 ISO-00 EB-08 STR-07 TRSE-00 OMB-01 CIAE-00
INR-10 NSAE-00 CTME-00 L-03 /042 W
----------045986 250514Z /15
R 250415Z APR 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 4733
INFO USDOC WASHDC

LIMITED OFFICIAL USE MANILA 06526

E.O. 11652: N/A
TAGS: ETRD, RP
SUBJECT: ACTIVITIES CIRCUMVENTING FOOTWEAR ORDERLY MARKETING ARRANGEMENTS

REF: (A) STATE 008343, (B) MANILA 1278

1. SUMMARY. TWO PHILIPPINE SHOE INDUSTRY LEADERS HAVE RECENTLY INDICATED TO EMBOFF THAT SEVERAL COMPANIES FROM TAIWAN AND KOREA ARE ASSEMBLING SHOES IN THE PHILIPPINES FOR EXPORT TO U.S. IN ORDER TO CIRCUMVENT ORDERLY MARKETING ARRANGEMENTS. COMPLAINTS HAVE BEEN MADE INFORMALLY TO SECRETARY OF INDUSTRY VICENTE PATERNO, AND ISSUE WILL BE DEALT WITH IN MORE DETAIL IN MAY 5 MEETING BETWEEN SHOE INDUSTRY PEOPLE AND PATERNO. END SUMMARY.

2. IN LATE MARCH INTERVIEW HENRY SY, PROMINENT BUSINESSMAN AND OWNER OF PHILIPPINE'S LARGEST SHOE STORE, SHOEMART, TOLD EMBOFF THAT SEVERAL COMPANIES FROM KOREA AND TAIWAN WERE ASSEMBLING SHOES IN PHILIPPINES FOR EXPORT TO U.S., THOUGH HE DID NOT NAME SPECIFIC COMPANIES. OPERATION INVOLVED IMPORTING WHOLE UPPER SHOES FROM KOREA OR TAIWAN, ASSEMBLING SHOES HERE BY PUTTING ON SOLE, AND EXPORTING FINISHED PRODUCT TO U.S. FREE OF ANY OMA QUOTA
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 06526 250433Z

RESTRICTION.

4. ON APRIL 21, DOMINGO ANTONIO, COMMISSIONER OF MARIKINA SHOE COMMISSION, CONFIRMED INFORMATION GIVEN BY SY, AND CITED INTERNATIONAL PRODUCTS CORPORATION AND LOTUS CORPORATION AS TWO OFFENDING COMPANIES.

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

5. INTERNATIONAL PRODUCTS IS REPUTABLE LEATHER GOODS FIRM ESTABLISHED IN 1956, AND HAS BEEN EXPORTING LEATHER GOODS FOR MANY YEARS. ANTONIO CLAIMED CHINESE SHOE MANUFACTURERS FROM TAIWAN WERE WORKING THROUGH THIS COMPANY.

6. LOTUS IS A KOREAN-PHILIPPINE JOINT VENTURE WHICH MANUFACTURES SHOES FOR EXPORT. (SEE REFTEL B). RECENTLY LOTUS HAS HAD FINANCIAL DIFFICULTIES, AND ANTONIO STATED THAT GOVERNMENT HAD CANCELLED LOAN FROM DEVELOPMENT BANK OF THE PHILIPPINES, PARTLY AS RESULT OF ASSEMBLY OPERATIONS. ANTONIO CLAIMED ANG TIBAY, LARGEST SHOE MANUFACTURER IN PHILIPPINES, PRESENTLY NEGOTIATING PURCHASE OF LOTUS.

7. ON APRIL 19, VONG HO LEE, AN EMPLOYEE OF LOTUS, VISITED EMBASSY TO OBTAIN TEXTILE QUOTA INFORMATION. WHEN QUESTIONED ABOUT LOTUS' OPERATIONS AND OWNERSHIP LEE WAS NERVOUSLY EVASIVE, FINALLY ASKING EHHPJAF#NOT TO TELL WASHINGTON ABOUT KOREAN TIE-UP WITH LOTUS. (FYI: KOREAN CONNECTION IS WELL KNOWN AND APPEARS IN CREDIT RATING REPORT. END FYI).

8. ANTONIO STATED THAT LOCAL SHOE INDUSTRY LEADERS HAD ALREADY MADE REPRESENTATIONS TO SECRETARY OF INDUSTRY PATERNO DURING RECENT ELECTION CAMPAIGN, AND THAT ISSUE WOULD BE DEALT WITH IN MORE DEPTH DURING MAY 5 MEETING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

WITH PATERNO ON SHOE INDUSTRY.

9. COMMENT: EMBASSY PUTS CREDENCE IN STATEMENTS OF SY AND ANTONIO; SUCH ACTIVITIES ARE OCCURRING, THOUGH IT IS NOT CLEAR ON WHAT SCALE. PROBLEM, HOWEVER, WILL PROBABLY BE DEALT WITH QUICKLY BY GOP AND LOCAL SHOE INDUSTRY IF REPORT OF LOTUS' DIFFICULTIES PROVE ACCURATE, THAT PARTICULAR PROBLEM IS ONE OF THE PAST. SHOE INDUSTRY LEADERS ARE CERTAINLY OPPOSED TO ASSEMBLY OPERATIONS, WHICH, THEY FEEL, INCREASE DANGER OF OMA FOR PHILIPPINE SHOE EXPORTS AND RESULT IN LITTLE VALUE ADDED FOR RP. IT WILL PROBABLY NOT BE DIFFICULT FOR THEM TO PERSUADE GOP TO TAKE MEASURES AGAINST OFFENDERS. END COMMENT.
STULL

NOTE BY OC/T: MANILA 6526(#)AS RECEIVED.

LIMITED OFFICIAL USE

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

NNN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOTWEAR, TRADE COMPLAINTS, EXPORTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA06526
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780175-1108
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780420/aaaaaqrd.tel
Line Count: 110
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 050b49a8-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 8343, 78 MANILA 1278
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2860802
Secure: OPEN
Status: NATIVE
Subject: ACTIVITIES CIRCUMVENTING FOOTWEAR ORDERLY MAR- KETING ARRANGEMENTS
TAGS: ETRD, BDIS, RP, KS, TW, US
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/050b49a8-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014